

EMPLOYEE HANDOUT

FERS -- SURVIVOR ELECTIONS

Survivor Elections Available to Married Employees

Survivor elections are made at the time of retirement. A current spouse is eligible to receive a survivor annuity upon your death if he/she meets the eligibility requirements. The eligibility requirements are:

- you must have been married for at least 9 months **OR**
- a child was born of the marriage or your death was accidental.

The elections available at retirement are:

- Full survivor annuity for the current spouse (maximum -- 50% of *base annuity)
- Less than full survivor annuity for the current spouse (25% of base annuity) – must receive spouse's consent
- No survivor annuity – must receive spouse's consent
- Insurable interest survivor annuity – for current spouse if a survivor annuity has been awarded by a qualifying court order to a former spouse, or for an individual such as a fiancée or relative closer than a first cousin
- Voluntary election of a former spouse annuity or combination former/current spouse – must receive spouse's consent

*Base annuity is defined as the amount of annuity after the age reduction if retiring early under the MRA + 10 provisions.

Example -- Full Survivor Annuity Election

Assume your base annuity is \$12,000 with a full survivor annuity = 50% of \$12,000

Reduction -- 10% of \$12,000 = \$1,200

Annuity after reduction -- \$12,000 - \$1,200 = \$10,800 annually (\$900 a month)

Survivor benefit -- 50% of \$12,000 = \$6,000 annually (\$500 a month)

Example -- Partial Survivor Annuity Election

Assume your base annuity is \$12,000 with a partial survivor annuity = 25% of \$12,000

Reduction -- 5% of \$12,000 = \$600

Annuity after reduction -- \$12,000 - \$600 = \$11,400 annually (\$950 a month)

Survivor benefit -- 25% of \$12,000 = \$3,000 annually (\$250 a month)

A **former spouse** is eligible to receive a survivor annuity if the following are met:

- former spouse was married to you at least 9 months,
- you performed at least 18 months of creditable service in a position covered by retirement deductions, **and**
- there is a valid court order requiring you to provide a former spouse survivor annuity or you voluntarily elect a former spouse survivor annuity (must receive your current spouse's consent for voluntary elections to former spouses).

A former spouse's survivor annuity is computed in the same way as a current spouse survivor annuity. The Office of Personnel Management (OPM) must receive a certified copy of your court order, showing original seal or stamp of the court. The court order can be forwarded with your retirement application or mailed prior to retirement to the Office of Personnel Management (OPM), Court Ordered Benefits Branch, P.O. Box 17, Washington, DC 20044.

Survivor Elections Available to Unmarried Employees

If you are unmarried at the time of retirement your survivor benefit options are as follows:

- No survivor benefit
- Insurable interest survivor annuity
- Full or partial survivor annuity for a former spouse (required by the court or voluntarily elected by you)
- Combination insurable interest/former spouse survivor annuity

If you marry after retirement, you may elect, within 2 years after the marriage, a reduced annuity to provide a current spouse survivor annuity. The reduction in your annuity is effective no earlier than the first of the month beginning 9 months after the date of marriage.

EMPLOYEE HANDOUT

CSRS -- SURVIVOR ELECTIONS

Survivor Elections Available to Married Employees

Survivor elections are made at the time of retirement. A current spouse is eligible to receive a survivor annuity upon your death if he/she meets the eligibility requirements. The eligibility requirements are:

- you must have been married for at least 9 months **OR**
- a child was born of the marriage or your death was accidental.

The elections available at retirement are:

- Full survivor annuity for the current spouse (maximum -- 55% of *base annuity)
- Less than full survivor annuity for the current spouse (55% of elected base annuity up to the full base annuity) – must receive spouse's consent
- No survivor annuity – must receive spouse's consent
- Insurable interest survivor annuity – for current spouse if a survivor annuity has been awarded by a qualifying court order to a former spouse, or for an individual such as a fiancée or relative closer than a first cousin
- Voluntary election of a former spouse annuity or combination former/current spouse – must receive spouse's consent

*Base annuity is defined as the amount of annuity after the applicable reductions for age (retiring early before age 55) and/or unpaid deposit service (temporary employment) performed prior to October 1, 1982.

Example -- Full Survivor Annuity Election

Assume your base annuity is \$30,000 with a full survivor annuity = 55% of \$30,000
Reduction -- $2\frac{1}{2}\%$ x first \$3,600 plus 10% of the remaining amount elected as the base

$$\begin{aligned}2\frac{1}{2}\% \text{ of } \$3,600 &= \$90 \\10\% \text{ of } \$26,400 &= \$2,640 \\ \text{Total Reduction} &= \$2,730\end{aligned}$$

Annuity after reduction -- $\$30,000 - \$2,730 = \$27,270$ annually (\$2,272 a month)
Survivor benefit -- 55% of \$30,000 = \$16,500 annually (\$1,375 a month)

Example -- Less Than Maximum Survivor Election

Assume your base annuity is \$30,000 with an election of 55% of the base amount -- \$4,000

Reduction -- $2\frac{1}{2}\%$ of \$3,600 = \$90

10% of \$400 = \$40

Total Reduction = \$130

Annuity after reduction -- \$30,000 - \$130 = \$29,870 annually (\$2,489 a month)

Survivor benefit -- 55% of \$4,000 = \$2,200 annually (\$183 a month)

A **former spouse** is eligible to receive a survivor annuity if the following are met:

- former spouse was married to you at least 9 months,
- you performed at least 18 months of creditable service in a position covered by retirement deductions, **and**
- there is a valid court order requiring you to provide a former spouse survivor annuity or you voluntarily elect a former spouse survivor annuity (must receive your current spouse's consent for voluntary elections to former spouses).

A former spouse's survivor annuity is computed in the same way as a current spouse survivor annuity. The Office of Personnel Management (OPM) must receive a certified copy of your court order, showing original seal or stamp of the court. The court order can be forwarded with your retirement application or mailed prior to retirement to the Office of Personnel Management (OPM), Court Ordered Benefits Branch, P.O. Box 17, Washington, DC 20044.

Survivor Elections Available to Unmarried Employees

If you are unmarried at the time of retirement your survivor benefit options are as follows:

- No survivor benefit
- Insurable interest survivor annuity
- Full or partial survivor annuity for a former spouse (required by the court or voluntarily elected by you)
- Combination insurable interest/former spouse survivor annuity

If you marry after retirement, you may elect, within 2 years after the marriage, a reduced annuity to provide a current spouse survivor annuity. The reduction in your annuity is effective no earlier than the first of the month beginning 9 months after the date of marriage.

EMPLOYEE HANDOUT INSURABLE INTEREST & LUMP-SUM BENEFIT CSRS & FERS

Insurable Interest Election

An insurable interest is defined as a person who has a reasonable expectancy of financial benefit in the continuation of your life. If you are in good health at the time of your retirement, you may elect this continuing monthly benefit, paid after your death, to an individual with an insurable interest. This benefit is more costly and less generous in comparison to a survivor benefit. The benefit amounts to 55% of your reduced annuity.

An insurable interest is presumed to exist for:

- Current spouse
- Blood or adoptive relative closer than first cousins
- Former spouse
- Fiancée
- Valid common-law marriage based on the laws of each state

Age of Insurable Interest & Reduction to Provide this Benefit

The reduction in your annuity to provide this benefit is based on the difference in age between you and your insurable interest. The following table shows the reductions based on the age difference.

Age	Reduction
Older, same age, or less than 5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

Example

Your base annuity is \$12,000 and your insurable interest is 23 years younger, your annuity would be reduced by 30% -- the reduction would equal \$3,600. Upon your death, your insurable interest would receive 55% of \$8,400 (\$12,000 - \$3,600) -- \$4,620 annually.

Lump-Sum Benefit

Lump-sum benefits are paid in accordance with your designated beneficiary forms. There are four possible forms that may affect you....

- TSP-3 -- Thrift Savings Plan (TSP)
- SF 2808 -- CSRS retirement system
- SF 3102 -- FERS retirement system
- SF 2823 -- Federal Employees' Group Life Insurance (FEGLI)
- SF 1152 -- Unpaid Compensation

A lump-sum benefit will be paid upon your death in accordance with the following order of precedence:

1. Valid designated beneficiary (or beneficiaries)
2. Widow/Widower
3. Child/Children
4. Parent(s)
5. Executor/Administrator of the Estate
6. Next of Kin

Exception: The order of precedence for FEGLI benefits is first distributed to assignments and/or valid court orders, if applicable.

A CSRS/FERS lump-sum benefit will not be payable if there is someone (spouse, former spouse, or children) eligible for a monthly survivor benefit.